

REFERENCE TITLE: charter schools; sponsorship

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1455

Introduced by
Senator Martin

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; RELATING TO
CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-183, Arizona Revised Statutes, is amended to read:

15-183. Charter schools; application; requirements; immunity; exemptions; renewal of application; reprisal; definitions

A. An applicant seeking to establish a charter school shall submit a written application to a proposed sponsor as prescribed in subsection C of this section. The application shall include a detailed business plan for the charter school and may include a mission statement for the charter school, a description of the charter school's organizational structure and the governing body, a financial plan for the first three years of operation of the charter school, a description of the charter school's hiring policy, the name of the charter school's applicant or applicants and requested sponsor, a description of the charter school's facility and the location of the school, a description of the grades being served and an outline of criteria designed to measure the effectiveness of the school.

B. The sponsor of a charter school may contract with a public body, private person or private organization for the purpose of establishing a charter school pursuant to this article.

C. The sponsor of a charter school may be either a school district governing board, the state board of education, ~~or~~ the state board for charter schools, A PUBLIC OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE, subject to the following requirements:

1. For charter schools that submit an application for sponsorship to a school district governing board:

(a) An applicant for a charter school may submit its application to a school district governing board, which shall either accept or reject sponsorship of the charter school within ninety days. An applicant may submit a revised application for reconsideration by the governing board. If the governing board rejects the application, the governing board shall notify the applicant in writing of the reasons for the rejection. The applicant may request, and the governing board may provide, technical assistance to improve the application.

(b) In the first year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored by the school district that the school district is out of compliance with the uniform system of financial records. The notification shall include a statement that if the school district is determined to be out of compliance for a second consecutive year, the charter school will be required to transfer sponsorship to another entity pursuant to subdivision (c) of this paragraph.

1 (c) In the second consecutive year that a school district is
2 determined to be out of compliance with the uniform system of financial
3 records, within fifteen days of the determination of noncompliance, the
4 school district shall notify by certified mail each charter school sponsored
5 by the school district that the school district is out of compliance with the
6 uniform system of financial records. A charter school that receives a
7 notification of school district noncompliance pursuant to this subdivision
8 shall file a written sponsorship transfer application within forty-five days
9 with the state board of education, the state board for charter schools or the
10 school district governing board if the charter school is located within the
11 geographic boundaries of that school district. A charter school that
12 receives a notification of school district noncompliance may request an
13 extension of time to file a sponsorship transfer application and the state
14 board of education, the state board for charter schools or a school district
15 governing board may grant an extension of not more than an additional thirty
16 days if good cause exists for the extension. The state board of education
17 and the state board for charter schools shall approve a sponsorship transfer
18 application pursuant to this paragraph.

19 (d) Beginning July 1, 2000, a school district governing board shall
20 not grant a charter to a charter school that is located outside the
21 geographic boundaries of that school district.

22 (e) A school district that has been determined to be out of compliance
23 with the uniform system of financial records during either of the previous
24 two fiscal years shall not sponsor a new or transferring charter school.

25 2. The applicant may submit the application to the state board of
26 education or the state board for charter schools. The state board of
27 education or the state board for charter schools may approve the application
28 if the application meets the requirements of this article and may approve the
29 charter if the proposed sponsor determines, within its sole discretion, that
30 the applicant is sufficiently qualified to operate a charter school. The
31 state board of education or the state board for charter schools may approve
32 any charter schools transferring charters. The state board of education and
33 the state board for charter schools shall approve any charter schools
34 transferring charters from a school district that is determined to be out of
35 compliance with the uniform system of financial records pursuant to this
36 section, but may require the charter school to sign a new charter that is
37 equivalent to the charter awarded by the former sponsor. If the state board
38 of education or the state board for charter schools rejects the preliminary
39 application, the state board of education or the state board for charter
40 schools shall notify the applicant in writing of the reasons for the
41 rejection and of suggestions for improving the application. An applicant may
42 submit a revised application for reconsideration by the state board of
43 education or the state board for charter schools. The applicant may request,
44 and the state board of education or the state board for charter schools may
45 provide, technical assistance to improve the application.

3. THE APPLICANT MAY SUBMIT THE APPLICATION TO A PUBLIC OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE. A PUBLIC OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE MAY APPROVE THE APPLICATION IF THE APPLICATION MEETS THE REQUIREMENTS OF THIS ARTICLE AND MAY APPROVE THE CHARTER IF THE PROPOSED SPONSOR DETERMINES, WITHIN ITS SOLE DISCRETION, THAT THE APPLICANT IS SUFFICIENTLY QUALIFIED TO OPERATE A CHARTER SCHOOL.

~~3-~~ 4. Each applicant seeking to establish a charter school shall submit a full set of fingerprints to the approving agency for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. If an applicant will have direct contact with students, the applicant shall possess a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. The criminal records check shall be completed before the issuance of a charter.

~~4-~~ 5. All persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1, unless the person is a volunteer or guest speaker who is accompanied in the classroom by a person with a valid fingerprint clearance card. A charter school shall not employ a teacher whose certificate has been revoked for a violation of section 15-507 or 15-550 or for any offense that placed a pupil in danger. All other personnel shall be fingerprint checked pursuant to section 15-512. Before employment, the charter school shall make documented, good faith efforts to contact previous employers of a person to obtain information and recommendations that may be relevant to a person's fitness for employment as prescribed in section 15-512, subsection F. The charter school shall notify the department of public safety if the charter school or sponsor receives credible evidence that a person who possesses a valid fingerprint clearance card is arrested for or is charged with an offense listed in section 41-1758.03, subsection B. Charter schools may hire personnel that have not yet received a fingerprint clearance card if proof is provided of the submission of an application to the department of public safety for a fingerprint clearance card and if the charter school that is seeking to hire the applicant does all of the following:

(a) Documents in the applicant's file the necessity for hiring and placement of the applicant before receiving a fingerprint clearance card.

(b) Ensures that the department of public safety completes a statewide criminal history information check on the applicant. A statewide criminal history information check shall be completed by the department of public safety every one hundred twenty days until the date that the fingerprint check is completed.

1 (c) Obtains references from the applicant's current employer and the
2 two most recent previous employers except for applicants who have been
3 employed for at least five years by the applicant's most recent employer.

4 (d) Provides general supervision of the applicant until the date that
5 the fingerprint card is obtained.

6 (e) Completes a search of criminal records in all local jurisdictions
7 outside of this state in which the applicant has lived in the previous five
8 years.

9 (f) Verifies the fingerprint status of the applicant with the
10 department of public safety.

11 ~~5.~~ 6. If a charter school operator is not already subject to a public
12 meeting or hearing by the municipality in which the charter school is
13 located, the operator of a charter school shall conduct a public meeting at
14 least thirty days before the charter school operator opens a site or sites
15 for the charter school. The charter school operator shall post notices of
16 the public meeting in at least three different locations that are within
17 three hundred feet of the proposed charter school site.

18 7. BEGINNING JULY 1, 2006, EXCEPT FOR A SCHOOL DISTRICT, A SPONSOR OF
19 A CHARTER SCHOOL SHALL NOT OWN, OPERATE OR ADMINISTER A CHARTER SCHOOL.

20 8. CHARTER SCHOOLS SHALL COMPLY WITH AND BE SUBJECT TO CHAPTER 7,
21 ARTICLE 3.1 OF THIS TITLE.

22 D. ~~A-board~~ AN ENTITY that is authorized to sponsor charter schools
23 pursuant to this article has no legal authority over or responsibility for a
24 charter school sponsored by a different ~~board~~ ENTITY. This subsection does
25 not apply to the state board of education's duty to exercise general
26 supervision over the public school system pursuant to section 15-203,
27 subsection A, paragraph 1.

28 E. The charter of a charter school shall ensure the following:

29 1. Compliance with federal, state and local rules, regulations and
30 statutes relating to health, safety, civil rights and insurance. The
31 department of education shall publish a list of relevant rules, regulations
32 and statutes to notify charter schools of their responsibilities under this
33 paragraph.

34 2. That it is nonsectarian in its programs, admission policies and
35 employment practices and all other operations.

36 3. That it provides a comprehensive program of instruction for at
37 least a kindergarten program or any grade between grades one and twelve,
38 except that a school may offer this curriculum with an emphasis on a specific
39 learning philosophy or style or certain subject areas such as mathematics,
40 science, fine arts, performance arts or foreign language.

41 4. That it designs a method to measure pupil progress, toward the
42 pupil outcomes adopted by the state board of education pursuant to section
43 15-741.01 including participation in the Arizona instrument to measure
44 standards test and the nationally standardized norm-referenced achievement

1 test as designated by the state board and the completion and distribution of
2 an annual report card as prescribed in chapter 7, article 3 of this title.

3 5. That, except as provided in this article and in its charter, it is
4 exempt from all statutes and rules relating to schools, governing boards and
5 school districts.

6 6. That, except as provided in this article, it is subject to the same
7 financial and electronic data submission requirements as a school district,
8 including the uniform system of financial records as prescribed in chapter 2,
9 article 4 of this title, procurement rules as prescribed in section 15-213
10 and audit requirements. The auditor general shall conduct a comprehensive
11 review and revision of the uniform system of financial records to ensure that
12 the provisions of the uniform system of financial records that relate to
13 charter schools are in accordance with commonly accepted accounting
14 principles used by private business. A school's charter may include
15 exceptions to the requirements of this paragraph that are necessary as
16 determined by the district governing board, the state board of education or
17 the state board for charter schools. The department of education or the
18 office of the auditor general may conduct financial, program or compliance
19 audits.

20 7. Compliance with all federal and state laws relating to the
21 education of children with disabilities in the same manner as a school
22 district.

23 8. That it provides for a governing body for the charter school that
24 is responsible for the policy decisions of the charter school.

25 9. That it provides a minimum of one hundred seventy-five
26 instructional days before June 30 of each fiscal year unless it is operating
27 on an alternative calendar approved by its sponsor. The superintendent of
28 public instruction shall adjust the apportionment schedule accordingly to
29 accommodate a charter school utilizing an alternative calendar.

30 F. The charter of a charter school shall include a description of the
31 charter school's personnel policies, personnel qualifications and method of
32 school governance and the specific role and duties of the sponsor of the
33 charter school. A charter school shall keep on file the resumes of all
34 current and former employees who provide instruction to pupils at the charter
35 school. Resumes shall include an individual's educational and teaching
36 background and experience in a particular academic content subject area. A
37 charter school shall inform parents and guardians of the availability of the
38 resume information and shall make the resume information available for
39 inspection on request of parents and guardians of pupils enrolled at the
40 charter school. Nothing in this subsection shall be construed to require any
41 charter school to release personally identifiable information in relation to
42 any teacher or employee including the teacher's or employee's address,
43 salary, social security number or telephone number.

44 G. The charter of a charter school may be amended at the request of
45 the governing body of the charter school and on the approval of the sponsor.

1 H. Charter schools may contract, sue and be sued.

2 I. An approved plan to establish a charter school is effective for
3 fifteen years from the first day of operation. At the conclusion of the
4 first fourteen years of operation, the charter school may apply for renewal.
5 In addition to any other requirements, the application for renewal shall
6 include a detailed business plan for the charter school. The sponsor may
7 deny the request for renewal if, in its judgment, the charter school has
8 failed to complete the obligations of the contract or has failed to comply
9 with this article. A sponsor shall give written notice of its intent not to
10 renew the charter school's request for renewal to the charter school at least
11 twelve months before the expiration of the approved plan to allow the charter
12 school an opportunity to apply to another sponsor to transfer the operation
13 of the charter school. If the operation of the charter school is transferred
14 to another sponsor, the fifteen year period of the current charter shall be
15 maintained. A sponsor shall review a charter at five year intervals and may
16 revoke a charter at any time if the charter school breaches one or more
17 provisions of its charter. At least ninety days before the effective date of
18 the proposed revocation the sponsor shall give written notice to the operator
19 of the charter school of its intent to revoke the charter. Notice of the
20 sponsor's intent to revoke the charter shall be delivered personally to the
21 operator of the charter school or sent by certified mail, return receipt
22 requested, to the address of the charter school. The notice shall
23 incorporate a statement of reasons for the proposed revocation of the
24 charter. The sponsor shall allow the charter school at least ninety days to
25 correct the problems associated with the reasons for the proposed revocation
26 of the charter. The final determination of whether to revoke the charter
27 shall be made at a public hearing called for such purpose.

28 J. After renewal of the charter at the end of the fifteen year period
29 described in subsection I of this section, the charter may be renewed for
30 successive periods of fifteen years if the charter school and its sponsor
31 deem that the school is in compliance with its own charter and this article.

32 K. A charter school that is sponsored by the state board of education,
33 ~~or~~ the state board for charter schools, A PUBLIC OR PRIVATE NONPROFIT
34 UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE may
35 not be located on the property of a school district unless the district
36 governing board grants this authority.

37 L. A governing board or a school district employee who has control
38 over personnel actions shall not take unlawful reprisal against another
39 employee of the school district because the employee is directly or
40 indirectly involved in an application to establish a charter school. A
41 governing board or a school district employee shall not take unlawful
42 reprisal against an educational program of the school or the school district
43 because an application to establish a charter school proposes the conversion
44 of all or a portion of the educational program to a charter school. ~~As used~~
45 ~~in~~ FOR THE PURPOSES OF this subsection, "unlawful reprisal" means an action

1 that is taken by a governing board or a school district employee as a direct
2 result of a lawful application to establish a charter school and that is
3 adverse to another employee or an education program and:

4 1. With respect to a school district employee, results in one or more
5 of the following:

- 6 (a) Disciplinary or corrective action.
- 7 (b) Detail, transfer or reassignment.
- 8 (c) Suspension, demotion or dismissal.
- 9 (d) An unfavorable performance evaluation.
- 10 (e) A reduction in pay, benefits or awards.
- 11 (f) Elimination of the employee's position without a reduction in
12 force by reason of lack of monies or work.
- 13 (g) Other significant changes in duties or responsibilities that are
14 inconsistent with the employee's salary or employment classification.

15 2. With respect to an educational program, results in one or more of
16 the following:

- 17 (a) Suspension or termination of the program.
- 18 (b) Transfer or reassignment of the program to a less favorable
19 department.
- 20 (c) Relocation of the program to a less favorable site within the
21 school or school district.
- 22 (d) Significant reduction or termination of funding for the program.

23 M. Charter schools shall secure insurance for liability and property
24 loss. The governing body of a charter school that is sponsored by the state
25 board of education or the state board for charter schools may enter into an
26 intergovernmental agreement or otherwise contract to participate in an
27 insurance program offered by a risk retention pool established pursuant to
28 section 11-952.01 or 41-621.01 or the charter school may secure its own
29 insurance coverage. The pool may charge the requesting charter school
30 reasonable fees for any services it performs in connection with the insurance
31 program.

32 N. Charter schools do not have the authority to acquire property by
33 eminent domain.

34 O. A sponsor, including members, officers and employees of the
35 sponsor, is immune from personal liability for all acts done and actions
36 taken in good faith within the scope of its authority.

37 P. Charter school sponsors and this state are not liable for the debts
38 or financial obligations of a charter school or persons who operate charter
39 schools.

40 Q. **UNLESS THE CHARTER SCHOOL IS SPONSORED BY A PRIVATE NONPROFIT**
41 **UNIVERSITY OR A PRIVATE NONPROFIT COLLEGE**, the sponsor of a charter school
42 shall establish procedures to conduct administrative hearings on
43 determination by the sponsor that grounds exist to revoke a charter.
44 Procedures for administrative hearings shall be similar to procedures
45 prescribed for adjudicative proceedings in title 41, chapter 6, article 10.

1 Except as provided in section 41-1092.08, subsection H, final decisions of
2 the state board of education and the state board for charter schools from
3 hearings conducted pursuant to this subsection are subject to judicial review
4 pursuant to title 12, chapter 7, article 6.

5 R. The sponsoring entity of a charter school shall have oversight and
6 administrative responsibility for the charter schools that it sponsors.

7 S. Charter schools may pledge, assign or encumber their assets to be
8 used as collateral for loans or extensions of credit.

9 T. All property accumulated by a charter school shall remain the
10 property of the charter school.

11 U. Charter schools may not locate a school on property that is less
12 than one-fourth mile from agricultural land regulated pursuant to section
13 3-365, except that the owner of the agricultural land may agree to comply
14 with the buffer zone requirements of section 3-365. If the owner agrees in
15 writing to comply with the buffer zone requirements and records the agreement
16 in the office of the county recorder as a restrictive covenant running with
17 the title to the land, the charter school may locate a school within the
18 affected buffer zone. The agreement may include any stipulations regarding
19 the charter school, including conditions for future expansion of the school
20 and changes in the operational status of the school that will result in a
21 breach of the agreement.

22 V. A transfer of a charter to another sponsor, a transfer of a charter
23 school site to another sponsor or a transfer of a charter school site to a
24 different charter shall be completed before the beginning of the fiscal year
25 that the transfer is scheduled to become effective. An entity that sponsors
26 charter schools may accept a transferring school after the beginning of the
27 fiscal year if the transfer is approved by the superintendent of public
28 instruction. The superintendent of public instruction shall have the
29 discretion to consider each transfer during the fiscal year on a case by case
30 basis. If a charter school is sponsored by a school district that is
31 determined to be out of compliance with this title, the uniform system of
32 financial records or any other state or federal law, the charter school may
33 transfer to another sponsoring entity at any time during the fiscal year.

34 W. The sponsoring entity may not charge any fees to a charter school
35 that it sponsors unless the sponsor has provided services to the charter
36 school and the fees represent the full value of those services provided by
37 the sponsor. On request, the value of the services provided by the sponsor
38 to the charter school shall be demonstrated to the department of education.

39 X. FOR THE PURPOSES OF THIS SECTION:

40 1. "PRIVATE NONPROFIT COLLEGE" MEANS A PRIVATE NONPROFIT COLLEGE THAT
41 OFFERS BACCALAUREATE DEGREES AND THAT IS NATIONALLY OR REGIONALLY ACCREDITED
42 BY AN AGENCY THAT IS RECOGNIZED BY THE UNITED STATES DEPARTMENT OF EDUCATION
43 OR BY THE COUNCIL ON POSTSECONDARY ACCREDITATION.

44 2. "PRIVATE NONPROFIT UNIVERSITY" MEANS A PRIVATE NONPROFIT UNIVERSITY
45 THAT OFFERS BACCALAUREATE DEGREES AND THAT IS NATIONALLY OR REGIONALLY

1 ACCREDITED BY AN AGENCY THAT IS RECOGNIZED BY THE UNITED STATES DEPARTMENT OF
2 EDUCATION OR BY THE COUNCIL ON POSTSECONDARY ACCREDITATION.

3 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:
4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this
10 title. The charter of the charter school shall include a description of the
11 methods of funding the charter school by the school district. The school
12 district shall send a copy of the charter and application, including a
13 description of how the school district plans to fund the school, to the state
14 board of education before the start of the first fiscal year of operation of
15 the charter school. The charter or application shall include an estimate of
16 the student count for the charter school for its first fiscal year of
17 operation. This estimate shall be computed pursuant to the requirements of
18 paragraph 3 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education, ~~or~~ the state board
21 for charter schools, A PUBLIC OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR
22 PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE.

23 3. A school district that sponsors a charter school may:

24 (a) Increase its student count as provided in subsection B, paragraph
25 2 of this section during the first year of the charter school's operation to
26 include those charter school pupils who were not previously enrolled in the
27 school district. A charter school sponsored by a school district governing
28 board is eligible for the assistance prescribed in subsection B, paragraph 4
29 of this section. The soft capital allocation as provided in section 15-962
30 for the school district sponsoring the charter school shall be increased by
31 the amount of the additional assistance. The school district shall include
32 the full amount of the additional assistance in the funding provided to the
33 charter school.

34 (b) Compute separate weighted student counts pursuant to section
35 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
36 school pupils in order to maintain eligibility for small school district
37 support level weights authorized in section 15-943, paragraph 1 for its
38 noncharter school pupils only. The portion of a district's student count
39 that is attributable to charter school pupils is not eligible for small
40 school district support level weights.

41 4. If a school district uses the provisions of paragraph 3 of this
42 subsection, the school district is not eligible to include those pupils in
43 its student count for the purposes of computing an increase in its revenue
44 control limit and district support level as provided in section 15-948.

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its capital outlay revenue limit as provided in section 15-961, subsection C, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.

6. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing the revenue control limit which is used to determine the maximum budget increase as provided in chapter 4, article 4 of this title unless the charter school is located within the boundaries of the school district.

7. If a school district converts one or more of its district public schools to a charter school and receives assistance as prescribed in subsection B, paragraph 4 of this section, and subsequently converts the charter school back to a district public school, the school district shall repay the state the total additional assistance received for the charter school for all years that the charter school was in operation. The repayment shall be in one lump sum and shall be reduced from the school district's current year equalization assistance. The school district's general budget limit shall be reduced by the same lump sum amount in the current year.

B. Financial provisions for a charter school that is sponsored by the state board of education, ~~or~~ the state board for charter schools, **A PUBLIC OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE** are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education, ~~or~~ the state board for charter schools, **THE UNIVERSITY, THE COLLEGE OR THE COMMUNITY COLLEGE** may require a charter school to report periodically regarding pupil enrollment and attendance and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

1 3. A charter school may utilize section 15-855 for the purposes of
2 this section. The charter school and the department of education shall
3 prescribe procedures for determining average daily attendance and average
4 daily membership.

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand three hundred thirty
8 dollars five cents per student count in kindergarten programs and grades one
9 through eight and one thousand five hundred fifty dollars fourteen cents per
10 student count in grades nine through twelve.

11 5. The state board of education shall apportion state aid from the
12 appropriations made for such purposes to the state treasurer for disbursement
13 to the charter schools in each county in an amount as determined by this
14 paragraph. The apportionments shall be made in twelve equal installments of
15 the total amount to be apportioned during the fiscal year on the fifteenth
16 day of each month of the fiscal year.

17 6. Notwithstanding paragraph 5 of this subsection, if sufficient
18 appropriated monies are available after the first forty days in session of
19 the current year, a charter school may request additional state monies to
20 fund the increased state aid due to anticipated student growth through the
21 first one hundred days or two hundred days in session, as applicable, of the
22 current year as provided in section 15-948. In no event shall a charter
23 school have received more than three-fourths of its total apportionment
24 before April 15 of the fiscal year. Early payments pursuant to this
25 subsection must be approved by the state treasurer, the director of the
26 department of administration and the superintendent of public instruction.

27 7. The charter school shall not charge tuition, levy taxes or issue
28 bonds.

29 8. Not later than noon on the day preceding each apportionment date
30 established by paragraph 5 of this subsection, the superintendent of public
31 instruction shall furnish to the state treasurer an abstract of the
32 apportionment and shall certify the apportionment to the department of
33 administration, which shall draw its warrant in favor of the charter schools
34 for the amount apportioned.

35 C. If a pupil is enrolled in both a charter school and a public school
36 that is not a charter school, the sum of the daily membership, which includes
37 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
38 subdivisions (a) and (b) and daily attendance as prescribed in section
39 15-901, subsection A, paragraph 6, for that pupil in the school district and
40 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
41 charter school and a public school that is not a charter school, the
42 department of education shall direct the average daily membership to the
43 school with the most recent enrollment date. Upon validation of actual
44 enrollment in both a charter school and a public school that is not a charter
45 school and if the sum of the daily membership or daily attendance for that

1 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
2 apportioned between the public school and the charter school based on the
3 percentage of total time that the pupil is enrolled or in attendance in the
4 public school and the charter school. The uniform system of financial
5 records shall include guidelines for the apportionment of the pupil
6 enrollment and attendance as provided in this section.

7 D. Charter schools are allowed to accept grants and gifts to
8 supplement their state funding, but it is not the intent of the charter
9 school law to require taxpayers to pay twice to educate the same pupils. The
10 base support level for a charter school or for a school district sponsoring a
11 charter school shall be reduced by an amount equal to the total amount of
12 monies received by a charter school from a federal or state agency if the
13 federal or state monies are intended for the basic maintenance and operations
14 of the school. The superintendent of public instruction shall estimate the
15 amount of the reduction for the budget year and shall revise the reduction to
16 reflect the actual amount before May 15 of the current year. If the
17 reduction results in a negative amount, the negative amount shall be used in
18 computing all budget limits and equalization assistance, except that:

19 1. Equalization assistance shall not be less than zero.

20 2. For a charter school sponsored by the state board of education, ~~or~~
21 the state board for charter schools, A PUBLIC OR PRIVATE NONPROFIT
22 UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE OR A COMMUNITY COLLEGE, the
23 total of the base support level, the capital outlay revenue limit, the soft
24 capital allocation and the additional assistance shall not be less than zero.

25 3. For a charter school sponsored by a school district, the base
26 support level for the school district shall not be reduced by more than the
27 amount that the charter school increased the district's base support level,
28 capital outlay revenue limit and soft capital allocation.

29 E. If a charter school was a district public school in the prior year
30 and is now being operated for or by the same school district and sponsored by
31 the state board of education, the state board for charter schools, A PUBLIC
32 OR PRIVATE NONPROFIT UNIVERSITY, A PUBLIC OR PRIVATE NONPROFIT COLLEGE, A
33 COMMUNITY COLLEGE or a school district governing board, the reduction in
34 subsection D of this section applies. The reduction to the base support
35 level of the charter school or the sponsoring district of the charter school
36 shall equal the sum of the base support level and the additional assistance
37 received in the current year for those pupils who were enrolled in the
38 traditional public school in the prior year and are now enrolled in the
39 charter school in the current year.

40 F. Equalization assistance for charter schools shall be provided as a
41 single amount based on average daily membership without categorical
42 distinctions between maintenance and operations or capital.

43 G. At the request of a charter school, the county school
44 superintendent of the county where the charter school is located may provide
45 the same educational services to the charter school as prescribed in section

1 15-308, subsection A. The county school superintendent may charge a fee to
2 recover costs for providing educational services to charter schools.

3 H. If the sponsor of the charter school determines at a public meeting
4 that the charter school is not in compliance with federal law, with the laws
5 of this state or with its charter, the sponsor of a charter school may submit
6 a request to the department of education to withhold up to ten per cent of
7 the monthly apportionment of state aid that would otherwise be due the
8 charter school. The department of education shall adjust the charter
9 school's apportionment accordingly. The sponsor shall provide written notice
10 to the charter school at least seventy-two hours before the meeting and shall
11 allow the charter school to respond to the allegations of noncompliance at
12 the meeting before the sponsor makes a final determination to notify the
13 department of education of noncompliance. The charter school shall submit a
14 corrective action plan to the sponsor on a date specified by the sponsor at
15 the meeting. The corrective action plan shall be designed to correct
16 deficiencies at the charter school and to ensure that the charter school
17 promptly returns to compliance. When the sponsor determines that the charter
18 school is in compliance, the department of education shall restore the full
19 amount of state aid payments to the charter school.

20 I. A charter school may receive and spend monies distributed by the
21 department of education pursuant to section 42-5029, subsection E and section
22 37-521, subsection B.

23 J. NOTWITHSTANDING ANY OTHER LAW, A PUBLIC UNIVERSITY, PUBLIC COLLEGE
24 OR COMMUNITY COLLEGE SHALL NOT INCLUDE ANY STUDENT IN THE STUDENT COUNT OF
25 THE UNIVERSITY, COLLEGE OR COMMUNITY COLLEGE FOR STATE FUNDING PURPOSES IF
26 THAT STUDENT IS ENROLLED IN AND ATTENDING A CHARTER SCHOOL SPONSORED BY THE
27 UNIVERSITY, COLLEGE OR COMMUNITY COLLEGE.

28 ~~J.~~ K. For the purposes of this section:

29 1. "Monies intended for the basic maintenance and operations of the
30 school" means monies intended to provide support for the educational program
31 of the school, except that it does not include supplemental assistance for a
32 specific purpose or P.L. 81-874 monies. The auditor general shall determine
33 which federal or state monies meet the definition in this paragraph.

34 2. "Operated for or by the same school district" means the charter
35 school is either governed by the same district governing board or operated by
36 the district in the same manner as other traditional schools in the district
37 or is operated by an independent party that has a contract with the school
38 district. The auditor general and the department of education shall
39 determine which charter schools meet the definition in this subsection.

40 3. "PRIVATE NONPROFIT COLLEGE" MEANS A PRIVATE NONPROFIT COLLEGE THAT
41 OFFERS BACCALAUREATE DEGREES AND THAT IS NATIONALLY OR REGIONALLY ACCREDITED
42 BY AN AGENCY THAT IS RECOGNIZED BY THE UNITED STATES DEPARTMENT OF EDUCATION
43 OR BY THE COUNCIL ON POSTSECONDARY ACCREDITATION.

1 4. "PRIVATE NONPROFIT UNIVERSITY" MEANS A PRIVATE NONPROFIT UNIVERSITY
2 THAT OFFERS BACCALAUREATE DEGREES AND THAT IS NATIONALLY OR REGIONALLY
3 ACCREDITED BY AN AGENCY THAT IS RECOGNIZED BY THE UNITED STATES DEPARTMENT OF
4 EDUCATION OR BY THE COUNCIL ON POSTSECONDARY ACCREDITATION.

5 Sec. 3. Auditor general; sponsor review

6 By July 1, 2008, the auditor general, if designated and approved by the
7 joint legislative audit committee, shall review the process that private
8 nonprofit colleges and private nonprofit universities that sponsor charter
9 schools use to approve an application for a charter school. Private
10 nonprofit colleges and private nonprofit universities shall provide access to
11 all relevant records requested by the auditor general. Any costs incurred by
12 the auditor general pursuant to this section shall be reimbursed by the
13 sponsors of those charter schools. A copy of the review shall be provided to
14 the president of the senate, the speaker of the house of representatives,
15 members of the joint legislative audit committee, the secretary of state and
16 the director of the Arizona state library, archives and public records.

17 Sec. 4. Retroactivity

18 Section 15-183, Arizona Revised Statutes, as amended by this act, is
19 effective retroactively to from and after June 30, 2006.